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# Editorial: Desperate, but not Serious – The EU in 2011*

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Two themes dominated the European headlines in 2011. At home, the news was relentlessly gloomy as economic stagnation persisted across much of the continent and Europe's leaders lurched from one emergency summit to another. Governments fell, austerity measures were promised, new rescue packages were agreed and yet the mighty bond markets remained implacable. The euro's imminent demise was regularly announced, particularly in the British press, yet last-minute bail-outs prevented sovereign default in the peripheral economies and held the 17-strong group together. The bonds of European solidarity were severely tested for the first time in 2011. For the moment, they have held fast, but the crisis remains very far from resolution. Indeed, crisis appears to be the new normal state of affairs in the European Union.

Yet from abroad came good news: a series of revolutions on Europe's southern flank in North Africa and the Middle East toppled four long-serving Arab strongmen: Tunisia's Ben Ali (in office since 1987); Egypt's Mubarak (in office since 1981); Yemen's Salah (in power since 1978 in North Yemen and all of Yemen since 1990); and the comedic arch-villain of Arab politics, Libya's Gaddafi, who had clocked up an impressive 42 years as leader since 1969. Civil uprisings also took place in Bahrain and Syria, with major protests in Algeria, Iraq, Jordan, Kuwait and Morocco. The Arab Spring took Europe completely by surprise, and first reactions were at best muted, or at worst wildly inappropriate. Failing to capture the public mood, in the first weeks of the Tunisian revolution, France's foreign minister, Michèle Aliot-Marie, for instance, embarrassingly offered to send French security forces to Tunis to help restore order.

As the revolutions progressed, however, the Europeans changed tack and mobilized much-needed air cover in support of the Libyan rebels, which proved decisive in turning the tide against Gaddafi by the summer. Although the Libyan campaign was not all plain sailing, it did demonstrate that Europe – albeit not explicitly the EU – still had the potential to be a force on the world stage. The Libyan campaign was the first joint Anglo–French mission undertaken without active American military engagement since the ill-fated Suez campaign of 1956, and the first European military intervention in North Africa since the end of French rule in Algeria in 1962. These historical memories are an invaluable aid in illustrating the problems that the EU will face in attempting to support the process of transformation across the Middle East and North Africa. In brief, Europe does not begin with a clean slate in North Africa and this, combined with the severe economic and political problems back home, will make for a complex relationship with the new Arab regimes.

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The year 2011 was an important one for the European External Action Service (EEAS), which 'after an uncertain and prolonged birth finally got down to work in January' as David Allen and Michael Smith put it in their contribution to this issue. Nonetheless, the EEAS was bedevilled not just by institutional turf wars and the teething problems of appointing personnel to key posts, but also by the fact that the head of EEAS, Catherine Ashton, was the subject of much open criticism from foreign ministers and the media, not to mention sniping from within her own institution. We noted in last year's editorial that 2011 was 'intended to be the year when the EEAS would be up and running and could be measured against its results' (Copsey and Haughton, 2011, p. 4). Whilst critics ought to acknowledge both the flaws in the institutional design and the ongoing crisis in the eurozone, so far even supporters of the EEAS recognize the results have been underwhelming. Nonetheless, even in what sometimes felt like the dark days of 2011, there were glimmers of hope. Overshadowed by the euro crisis and David Cameron's decision to block any new treaty, Croatia's EU accession treaty was signed at the December European Council, reminding us of both the long and difficult path followed by Croatia in the two decades since its declaration of independence and the impact of the prospect of enlargement, which is sometimes dubbed the EU's most powerful foreign policy tool.

There can be no doubt that the political consequences of the economic crisis of the past few years have shaken the European integration project to its core. Throughout 2011, the EU's leadership seemed to find itself continually on the back foot, reacting to events, rather than shaping them. This lumbering from crisis to crisis was at least partly due to the deliberative method of decision-making in the Union. Bringing resolution to the eurozone crisis involves too many veto players with frequently diverging interests. The good news for European integration was that all parties agreed that the euro must be saved. The bad news was that they differed widely in their approach to fixing the problem. An unfortunate consequence was that the failure to agree on decisive joint action gave the impression that Europe's leaders were fiddling whilst Rome burned – or in the Viennese expression, that the situation was desperate, but not serious. This cost Europe dearly in credibility.

As the year wore on, a long-term solution to the eurozone's problems began to take shape in the form of the Commission's so-called 'Six Pack' of reforms to the Stability and Growth Pact which entered into force in December, and the German-inspired Fiscal Compact which was also proposed in that same month. In combination, the reforms are designed to prevent macroeconomic imbalances from building up. Both measures have the potential to go a long way to do more than just paper over the cracks, but they raise deep and profound questions not just about the construction of the single currency project, but about the focus, direction and purpose of European integration.

Moments of crisis offer dangers, but also opportunities. The very weaknesses and vulnerabilities of Europe exposed by the eurozone crisis are also the reasons why individual European states need to integrate and show solidarity. In an era of frayed trust between Member States and economic hardship for ordinary citizens, the ease with which voters can be mobilized by banging a populist and nationalist drum is all too apparent, especially in cases like Italy and Greece where elected politicians were replaced by technocrats who seemed to be following an externally determined agenda. The year also marked the tenth anniversary of the Laeken Declaration with its clarion call to bring the EU closer to its citizens. This is a message as relevant – if not more relevant – today than a decade ago.

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This is our fourth issue of the *JCMS AR* as editors and we have continued our policy of commissioning contributions from practitioners and commentators from outside the academic world. Given the prominence of the eurozone's woes in 2011, we commissioned articles from two of Europe's most astute economists. Willem Buiter, Chief Economist at Citigroup and a former member of the Bank of England's monetary policy committee, explains, together with Ebrahim Rahbari, how and why the European Central Bank should become lender of last resort to the eurozone's sovereigns. Nonetheless, they emphasize that a technically efficient lender of last resort should not be created at the expense of other objectives – not least the need to have in place the 'right incentives for banks and sovereigns to behave prudently, to avoid a repeat of the fiscal bacchanalia and irresponsible bank lending, investing and funding of the decade before 2008'. Moreover, they argue that any changes need to be constructed in such a way as to strengthen – or at the very least not weaken – the linkages of accountability between citizens and decision-makers.

Debt is central to what one of the contributors to last year's *Annual Review* described as the single currency's 'saga of Wagnerian intensity' (Marsh, 2011, p. 45). Our second commissioned article on the euro is written by Daniel Gros, Director of the Brussels-based Centre for European Policy Studies. He focuses on a simple but fundamental question which not only feeds into contemporary debates, but also touches on deeper questions concerning the construction of the single currency: is a high level of public debt inherently more dangerous within a monetary union? He reminds us that many commentators were asserting that only by entering EMU could economies like Italy and Spain protect themselves from the high interest rates they had to pay on public debt. Membership of EMU, this view suggested, would convince financial markets that these countries would not inflate away the value of their debt. Today, however, the very same countries are forced to pay a high-risk premium because they have 'lost the option to use the printing press and could thus be forced into default if interest rates are too high'. His article draws some instructive, if uncomfortable, conclusions, underlining that highly indebted countries only have unpleasant choices within or outside a monetary union.

Although the euro crisis dominated the headlines with the constant question marks over whether some members would remain in the club, the completion of negotiations and the signing of the accession treaty with Croatia whilst the rotating EU Presidency was held by Hungary and Poland remind us of some of the great achievements of the EU, particularly the big-bang enlargement of 2004 and 2007 which united west and east, transcending the cold war division of Europe. It is worth stepping back from the mood of doom and gloom to recall that Estonia, which joined the eurozone on 1 January 2011, was still a constituent part of the Soviet Union just 20 years earlier.

Nevertheless, just as the seemingly unremitting battery of bad news about the single currency can cloud our judgements and lead us to forget some of the great achievements of European integration, we should also remember that making mistakes is not the exclusive preserve of the current generation of European leaders. Following our three previous issues of the *Annual Review* in which we commissioned State of the Union articles from leading figures in contemporary EU institutions (Barroso, 2009; Trichet, 2010; and Buzek, 2011), we turned this year to one of Europe's elder statesmen, former British Foreign Secretary, Douglas Hurd, for his reflections on the legacy of 1989. His conclusion that 1989 was a wasted opportunity unlikely to be repeated is frank, even gloomy, yet it provides a good starting point for Europe and the United States to develop a new grand strategy to tackle the foreign policy challenges of the 21st century. Indeed, it is striking that another elder statesman on the other side of the Atlantic, Zbigniew Brzeziński (2012), also sees 1989–91 in a similar light.

In this year of shocks and adjustments, the *JCMS AR* lecture delivered in Washington, DC by Erik Jones argues that crisis is nothing new in the history of European integration. In every decade since the end of World War II Europe has experienced moments that have much in common with the current malaise affecting the EU. Each time the European project has emerged stronger as a consequence. This time, however, according to Jones, it *is* different. Europe faces ever-tightening constraints on the possibilities for further integration and its political leadership faces an existential crisis not just for the EU, but for the notion of 'Europe' as a whole. Central to Jones' diagnosis of the woes facing the EU is his notion of solidarity. 'Solidarity', for him, is both a useful concept for understanding why countries choose to participate in the European project and for explaining the resilience of Europe writ large. In the crisis of trust facing the European project in which finger-pointing and the blame game are rife, the message needs to be conveyed that European solidarity exists in many different patterns across many different domains of integration.

The *Annual Review* lecture not only provides a prominent scholar of European integration with the opportunity to comment on the big picture of European integration, but to offer some fresh thinking on the challenges facing policy-makers. Following in the footsteps of the previous three lectures given by Vivien Schmidt (2009), Kalypso Nicolaïdis (2010) and Loukas Tsoukalis (2011), Jones sketches out some prescriptions for the EU, highlighting the importance of maintaining and deepening the notions of solidarity. The process of rising to those challenges he notes, however, will be 'deliberative, consensual, complicated and, during the implementation at least, will be inefficient'.

We would like to thank all the contributors to this issue of the *JCMS AR* for their efforts and efficiency in rising to the challenges we set them by producing such excellent copy on time. We would also like to thank Michelle Cini and Amy Verdun for their continued support over the past year as *JCMS* editors, and hope our relationship will continue to be as congenial and productive in the future.

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